

Senate Engrossed House Bill

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
Second Regular Session  
2006

**CHAPTER 284**

# **HOUSE BILL 2206**

AN ACT

AMENDING SECTIONS 28-7502 AND 28-7510, ARIZONA REVISED STATUTES; RELATING TO  
STATE HIGHWAY FUND BONDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 28-7502, Arizona Revised Statutes, is amended to  
3 read:

4 28-7502. Bond authority

5 A. Subject to this article, the board may:

6 1. Issue its negotiable bonds in a principal amount that in the  
7 opinion of the board is necessary to provide sufficient monies for any  
8 highway purpose, to establish reserves to secure the bonds and to provide for  
9 the payment of all other expenditures of the board incidental to and  
10 necessary and convenient to carry out these purposes. ~~The amount of bonds~~  
11 ~~that may be issued shall be determined pursuant to section 28-7510.~~

12 2. Issue refunding bonds if the board deems refunding expedient.

13 3. Refund any bonds issued by the board or by its predecessor in  
14 interest, the Arizona state highway commission, if these bonds are secured  
15 from the same source of revenues as the bonds authorized in this article, by  
16 the issuance of new bonds, whether or not the bonds to be refunded have  
17 matured.

18 4. Issue bonds partly to refund bonds then outstanding and partly for  
19 any highway purpose consistent with this article or as the legislature may  
20 authorize.

21 5. Provide for the registration as to the principal or both principal  
22 and interest of the bonds.

23 B. Regardless of whether or not the bonds are of such form or  
24 character as to be negotiable instruments under the terms of the negotiable  
25 instruments law, the bonds are fully negotiable within the meaning of and for  
26 all purposes of the negotiable instruments law.

27 Sec. 2. Section 28-7510, Arizona Revised Statutes, is amended to read:

28 28-7510. Parity bonds

29 A. The board may issue parity bonds only when all of the payments due  
30 on the principal and interest on the outstanding bonds are current.

31 B. The board may not issue parity bonds unless ~~both of the following~~  
32 ~~tests are met:~~

33 ~~1. the monies subject to pledge for payment of the bonds for the~~  
34 ~~preceding twelve months exceed by two THREE times the highest annual~~  
35 ~~principal and interest payments on all of the outstanding bonds and the bonds~~  
36 ~~to be issued for the highest one year period during the life of both the~~  
37 ~~outstanding bonds and the bonds to be issued.~~

38 ~~2. The total principal amount of bonds outstanding, excluding refunded~~  
39 ~~bonds, at any one time shall not exceed one billion three hundred million~~  
40 ~~dollars, unless the additional amount is authorized by the legislature.~~

41 C. The bonds sought to be issued shall mature and the principal and  
42 interest are payable at the same time as bonds then outstanding that have the  
43 same priority of lien.

1 D. All bonds issued under this article are deemed to contain the  
2 restrictions against issuance of parity bonds contained in this section,  
3 whether or not the resolution issuing the bonds or the bonds themselves  
4 contain covenants to this effect.

5 E. For purposes of this section, amounts subject to pledge shall be  
6 presumptively determined by a certificate of the chairman of the board.

7 F. The pledge of revenues prescribed in section 28-7504, subsection A,  
8 paragraphs 1 and 2 is not subject to sections 28-6952 through 28-6955,  
9 28-6992, 28-6993 and 28-6995 through 28-7006. The payment of the necessary  
10 fees, charges and expenses incurred in the issuance of the bonds and the  
11 principal of and interest on the bonds are not subject to section 28-7007 but  
12 shall be made in the manner prescribed in the resolution issuing the bonds.

APPROVED BY THE GOVERNOR MAY 19, 2006.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 19, 2006.